

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

IN RE: REMBRANDT TECHNOLOGIES,
LP PATENT LITIGATION,

MOTOROLA, INC., CISCO SYSTEMS,
INC., SCIENTIFIC-ATLANTA, INC.,
ARRIS GROUP, INC., THOMSON, INC.,
AMBIT MICROSYSTEMS, INC., and
NETGEAR, INC.,

Plaintiffs,

v.

REMBRANDT TECHNOLOGIES, LP,

Defendant.

**REMBRANDT'S REPLY IN SUPPORT OF ITS MOTION TO STRIKE, OR IN THE
ALTERNATIVE, TO DISMISS, MODEM MANUFACTURERS' ANTITRUST AND
UNFAIR COMPETITION COUNTER-COUNTERCLAIMS**

I. SUMMARY

Rembrandt Technologies, LP, and Rembrandt Technologies, LLC d/b/a Remstream (“Rembrandt”), moved to strike the self-styled “counter-counterclaims” brought by Motorola, Inc., Cisco Systems, Inc., Scientific-Atlanta, Inc., Arris Group, Inc., Thomson, Inc., Ambit Microsystems, Inc. and NETGEAR, Inc. (the “Modem Manufacturers”) (D.I. 263). In response, Modem Manufacturers opposed (D.I. 274). This is Rembrandt’s reply.

Modem Manufacturers' counter-counterclaims are improper because they attempt to circumvent this Court's scheduling order, which required the Modem Manufacturers to file their final amended complaint by April 11, 2008. There is no justification for the Modem Manufacturers' failure to bring their claims by that deadline, because the Modem Manufacturers

were aware of all the facts upon which their claims supposedly rely in advance of that date. Nothing in Rembrandt's counterclaims justifies the Modem Manufacturers' tactics – to the contrary, Rembrandt's counterclaims do not even implicate them. Rembrandt will be prejudiced if Modem Manufacturers are allowed to add these counter-counterclaims at this late date.

II. MODEM MANUFACTURERS' COUNTER-COUNTERCLAIMS ARE NEITHER PROPER NOR TIMELY

The Modem Manufacturers' counter-counterclaims are improper and untimely because the Modem Manufacturers knew all of the facts they purport support their antitrust and unfair competition claims and had actually drafted their claims long ago – at least as of April 11, 2008, when they drafted their proposed Amended Complaint prior to moving to amend their complaint. They were fully aware of the facts underlying the claims they now seek to bring, and they chose not to bring all of them. They should not be permitted to do so now.

Modem Manufacturers cite *Pogue*, *Weight Watchers*, and *Southeastern* as supporting their assertion that a plaintiff may counterclaim in its reply (MM Br. at 4-5). But in each of those cases, the court addressed the matter as a motion to amend the complaint. *Pogue v. Allied Products Corp.*, No. 89-3548, 1989 U.S. Dist. LEXIS 11092, at *10 (N.D. Ill. Sept. 19, 1989); *Weight Watchers Int'l, Inc. v. The Stouffer Corp.*, No. 88-7062, 1989 U.S. Dist. LEXIS 13518, at *4 (S.D.N.Y. Nov. 14, 1989); *Southeastern Indus. Tire Co. v. Duraprene Corp.*, 70 F.R.D. 585, 588 (E.D. Pa. 1976). They thus say nothing about whether Modem Manufacturers - having been afforded already a final opportunity to amend their complaint – should be allowed to circumvent this Court's scheduling order.

Modem Manufacturers further rely on *Joseph Bancroft & Sons Co. v. M. Lowenstein & Sons, Inc.*, 50 F.R.D. 415 (D. Del. 1970), but in that case, a counter-counterclaim was permitted because the non-moving party's counterclaim added substantial new claims – the modifications

were anything but “minor” – introducing new subject matter into the litigation. Defendant’s new counterclaims in *Bancroft* were “directed not only to the agreement upon which plaintiff had brought suit, but also to numerous other agreements,” thus *new*, previously unasserted causes of action were added by the counterclaims in *Bancroft*. *Id.* at 417. That is not the case here. The only “new” averment in the counterclaim brought by Rembrandt in its answer and counterclaims was infringement of U.S. Patent No. 5,243,627, which *was not even directed to Modem Manufacturers*. See D.I. 193. Modem Manufacturers did not reply to that amended counterclaim for that reason. See D.I. 235. Thus, Rembrandt’s counterclaim (against different parties) does not give good cause to Modem Manufacturers to bring counter-counterclaims of which they were aware well before filing their amended complaint.

Modem Manufacturers also mistakenly rely on *Soilworks, LLC v. Midwest Industrial Supply, Inc.*, No. 06-2141, 2007 U.S. Dist. LEXIS 37595 (D. Ariz. May 22, 2007). *Soilworks* is distinguishable because in that case, the defendant averred that it owned another patent not mentioned in plaintiff’s complaint and counterclaimed that plaintiff infringed its trademark. Plaintiff counter-counterclaimed for a declaratory judgment of non infringement of the newly mentioned patent. See *Soilworks* at *2-3; see also Ex. A, collecting the complaint, answer and reply from the *Soilworks* pleadings. In this case, Modem Manufacturers had all of the information they needed to bring their claims in their amended complaint as evidenced by their virtually identical draft amended complaint they shared with Rembrandt. See D.I. 197 at Ex. A.

Similarly, *Power Tools & Supply, Inc. v. Cooper Power Tools, Inc.*, No. 05-73615, 2007 U.S. Dist. LEXIS 29571 (E.D. Mich. Apr. 20, 2007), is distinguishable because the court had previously *ordered* the plaintiff in that case to bring certain limited claims in its Fourth Amended Complaint. Plaintiff’s eventual counter-counterclaims were not included in the list of claims set

forth in the court's order (Ex. B). There is no indication in *Power Tools* that the plaintiff had previously known of all the facts upon which it based its amended complaint. This is a far cry from the instant case, where Modem Manufacturers knew long before April 11, 2008 (the scheduling order's cut-off date for pleading amendments), of the facts averred in their "counter-counterclaims."

Modem Manufacturers offer no reason for failing to bring both Sherman Act Section 1 and 2 claims in their motion to amend their complaint (D.I. 147). They do not because they cannot. Modem Manufacturers had all the information underlying both claims, as evidenced by the draft amended complaint they shared with Rembrandt before filing their motion to amend.

III. WHETHER MODEM MANUFACTURERS' COUNTER-COUNTERCLAIMS ARE PERMISSIVE OR COMPULSORY DOES NOT ALTER THE FACT THAT THE CLAIMS SHOULD BE DISPOSED OF VIA THEIR MOTION TO AMEND

Modem Manufacturers suggest that their counter-counterclaims may be compulsory, MM Br. at 6, but this has no bearing on the propriety of their motion and whether it was brought in "good faith," *id.* Whether or not Modem Manufacturers were aware of these potential claims when they filed their original reply, they were aware of them when they filed their motion to amend their complaint. Indeed, Modem Manufacturers asked Rembrandt to stipulate that they could bring their unfair competition and Section 1 and Section 2 Sherman Act antitrust claims in their amended complaint. When Rembrandt declined to so stipulate, Modem Manufacturers moved to add only two of these claims. Modem Manufacturers did not add these claims as counter-counterclaims "out of an abundance of caution" (MM Br. at 7), but instead to get a second bite at the apple with respect to their unfair competition and Sherman Act Section 2 claims and to circumvent the result of their failure to move the court to allow them to bring their Sherman Act Section 1 claim in their proposed amended complaint.

IV. REMBRANDT WILL BE PREJUDICED IF MODEM MANUFACTURERS ARE ALLOWED TO ADD THESE CLAIMS

Rembrandt has been prejudiced by Modem Manufacturers' attempt to add its self-styled counter-counterclaims. Modem Manufacturers were aware of the facts they aver in support of their antitrust and unfair competition claims before they moved to amend their complaint to add them. The parties stipulated to an agreed schedule; that schedule does not leave room for parties to ignore the deadlines to which they agreed and which this Court has ordered. As a substantive matter, the principal difference between the amended complaint is Modem Manufacturers' effort to add a Section 1 claim that they deliberately abandoned when they filed their motion for leave to amend. If Modem Manufacturers are allowed to slip this claim in the backdoor at this late date via their counter-counterclaims, Rembrandt will be harmed in terms of timing of this case and discovery burden. Similarly, if Modem Manufacturers are allowed to forgo the briefing regarding their unfair competition and Section 2 claims and simply add them in their reply, the judicial process will be skirted and Rembrandt will be harmed. Bringing counter-counterclaims is not orderly and can cause confusion to a jury. *Pogue*, 1989 U.S. Dist. LEXIS 11092 at *9, *Weight Watchers*, 1989 U.S. Dist. LEXIS 13518, at *4, *Southeastern*, 70 F.R.D. at 588. Courts prefer to allow a plaintiff to move to amend its complaint. *Pogue*, 1989 U.S. Dist. LEXIS 11092 at *10, *Weight Watchers*, 1989 U.S. Dist. LEXIS 13518, at *4, *Southeastern*, 70 F.R.D. at 588. Modem Manufacturers were given that opportunity and should be required to abide by the Court's anticipated decision regarding their motion to amend.

V. THE REASONS SUPPORTING REMBRANDT'S REQUEST THAT THE COUNTER-COUNTERCLAIMS BE DISMISSED FOR FAILURE TO STATE A CLAIM HAVE BEEN FULLY BRIEFED

As noted in Rembrandt's Motion to Strike Modem Manufacturers' Antitrust and Unfair Competition Counter-Counterclaims, Rembrandt requested in the alternative that the Counter-Counterclaims be dismissed for failure to state a claim for relief. Modem Manufacturers agree that that issue has been fully briefed. (MM Br. at 9). *See* D.I. 147, D.I. 197, and D.I. 228. Modem Manufacturers' counter-counterclaims should alternatively be dismissed for the reasons articulated in Rembrandt's Opposition to Motion for Leave to Amend Complaint to Add Antitrust and Unfair Competition Claims (D.I. 197).

VI. CONCLUSION

For the reasons set forth in Rembrandt's motion and in this reply, Rembrandt requests that the Court strike, or in the alternative, dismiss, the counter-counterclaims filed by Modem Manufacturers.

/s/ Francis DiGiovanni
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Dated: August 4, 2008

626191

Exhibit A

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6
7 **UNITED STATES DISTRICT COURT**
8 **IN AND FOR THE DISTRICT OF ARIZONA**
9

10 SOILWORKS, LLC, an Arizona
corporation,

11 Plaintiff,

12 v.

13 MIDWEST INDUSTRIAL SUPPLY, INC.,
14 an Ohio corporation authorized to do
business in Arizona,

15 Defendant.
16

NO.:

**COMPLAINT FOR DAMAGES AND
EQUITABLE RELIEF AND DEMAND
FOR JURY TRIAL**

17 Plaintiff, Soilworks, LLC ("Soilworks"), brings this action against Defendant,
18 Midwest Industrial Supply, Inc. ("Midwest"), and alleges as follows:

19 **JURISDICTION AND VENUE**

20 1. This is a Complaint for an injunction, damages and other appropriate relief to
21 stop Midwest from misrepresenting material facts concerning Soilworks and its products and
22 Midwest and its products. In this action, Soilworks asserts violations of the Lanham Act,
23 15 U.S.C. § 1041 *et. seq.*, of the Arizona Deceptive Trade Practices Act, and of Arizona
24 common law. In addition, Soilworks seeks declaratory relief under 28 U.S.C. §§ 2201 and
25 1338 with regard to U.S. Patent No. 7,081,270 which Midwest purports to own.

26 2. This Court has subject matter over Soilworks' claims pursuant to 15 U.S.C.
27 § 1121 and 28 U.S.C. §§ 1331, 1338 and supplemental jurisdiction under 28 U.S.C. § 1367.
28

1 3. This Court has personal jurisdiction over Midwest by virtue of the fact that
2 Midwest does business in this judicial district, has a substantial nexus with the State of
3 Arizona and has committed tortious conduct in this judicial district.

4 4. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(b) because
5 (i) Midwest conducts business in this judicial district; and (ii) a substantial part of the events
6 or omissions giving rise to the claims occurred, or a substantial part of the property that is the
7 subject of the action is situated, in this judicial district.

8 **THE PARTIES**

9 5. Soilworks is a limited liability company that maintains its principal place of
10 business at 681 North Monterey Street, Suite 101, Gilbert, Arizona 85233. All of the
11 members of Soilworks are residents and citizens of the state of Arizona.

12 6. Upon information and belief, Midwest is a corporation incorporated under the
13 laws of a state other than Arizona and maintains its principal place of business in Canton,
14 Ohio.

15 **FACTUAL BACKGROUND**

16 7. Soilworks distributes environmentally-safe soil stabilizers, dust control agents
17 and erosion control agents throughout the United States. Soilworks has spent substantial
18 resources in the form of effort and capital in the sourcing, distribution and marketing of the
19 foregoing products and has built a reputation for providing excellent products in a timely
20 manner at a reasonable price. Soilworks' business is national in scope and Soilworks has
21 earned the respect of distributors, customers and end users throughout the United States.

22 8. Midwest competes with Soilworks and has recently embarked on a scheme to
23 injure the reputation that Soilworks has established with its distributors, customers and end
24 users. Pursuant to this scheme, Midwest has disparaged Soilworks and its products, falsely
25 represented that Soilworks is infringing alleged patent rights of Midwest, and falsely
26 represented that Soilworks' products fall within the scope of alleged patent claims owned by
27 Midwest. Midwest also falsely represents characteristics and attributes of its company and
28 products. Pursuant to this scheme, Midwest has attempted to divert sales from Soilworks

1 and injure Soilworks' reputation by, among other things, representing that Soilworks'
2 products infringe Midwest's alleged patent rights.

3 9. Midwest has disseminated information and documentation to Soilworks'
4 distributors, customers and end users which is inaccurate, misleading and which is causing
5 irreparable harm and damage to Soilworks, Soilworks' reputation and the reputation of
6 Soilworks' products.

7 10. Midwest's conduct is intended to cause mistake, deception and consumer
8 confusion and was done by Midwest with the intention of damaging Soilworks and the
9 reputation Soilworks has earned in the industry. The conduct of Midwest wrongfully diverts
10 the potential market and customer loyalty to which Soilworks is entitled.

11 11. Defendant has engaged in the foregoing wrongful conduct intentionally and in
12 order to profit from such conduct. Midwest's conduct is causing, and will continue to cause,
13 irreparable harm to Soilworks and to tarnish and diminish the substantial goodwill Soilworks
14 has cultivated with respect to its company, products and the proprietary rights associated
15 therewith.

16 12. Midwest has allegedly obtained a United States Patent with respect to a method
17 of chemical soil stabilization and dust control, U.S. Patent No. 7,081,270. Midwest
18 intentionally has misrepresented the scope of said patent rights and has misrepresented to
19 Soilworks' distributors, customers and end users that Soilworks' products fall within the
20 scope of said patent rights, which is false. Midwest has also represented to Soilworks'
21 distributors, customers and end users that Midwest owns a proprietary position with regard to
22 Midwest's products and services which is false and/or misleading.

23 13. Midwest has disseminated marketing communications with regard to U.S.
24 Patent No. 7,081,270 that are false, misleading and intended to tarnish and diminish the
25 substantial goodwill Soilworks has cultivated with respect to its company, products and
26 Soilworks' proprietary rights associated therewith.

1 14. Midwest has disseminated marketing communications with regard to U.S.
2 Patent No. 7,081,270 that are false, misleading and intended to misrepresent characteristics
3 of Midwest's products and its proprietary position with regard to those products.

4 **COUNT I**

5 **FALSE REPRESENTATION UNDER LANHAM ACT, § 43(A)**

6 15. Soilworks incorporates by reference paragraphs 1 through 14 above.

7 16. Midwest is disseminating information and documentary materials in a manner
8 that is likely to cause confusion, mistake and deception among consumers of Soilworks'
9 products regarding Soilworks' conduct and products. Such activities will mislead and divert
10 customers of Soilworks and damage and tarnish the excellent reputation Soilworks has
11 established in the marketplace.

12 17. Midwest has used, and continues to use, false and misleading statements and
13 representations of fact in commercial advertising and promotion, thereby misrepresenting the
14 nature, characteristics and qualities of their products, services and commercial activities of
15 those of competitors.

16 18. Midwest's conduct constitutes false designation of origin and association in
17 violation of the Lanham Act, 15 U.S.C. § 1125(a).

18 19. Midwest's unlawful conduct is causing Soilworks severe and irreparable harm
19 that cannot be adequately remedied solely by monetary damages. Unless restrained and
20 enjoined by this Court, Midwest's unlawful actions are likely to continue, to Soilworks'
21 harm and detriment.

22 **COUNT II**

23 **DECLARATORY JUDGMENT UNDER 28 U.S.C. § 2201**

24 20. Soilworks incorporates by reference paragraphs 1 through 19 above.

25 21. Midwest has averred that the U.S. Patent No. 7,081,270 was duly and legally
26 issued, that Midwest is the lawful owner, including the right to sue and to recover for any
27 and all infringement of U.S. Patent No. 7,081,270 and that Soilworks infringes said patent.

30. As a direct result of Midwest's actions, as set forth above, Soilworks has been damaged. Midwest's unlawful conduct is causing Soilworks severe and irreparable harm that cannot be adequately remedied solely by monetary damages. Unless restrained and enjoined by this Court, Midwest's unlawful actions are likely to continue, to Soilworks' harm and detriment.

COUNT VI

ARIZONA COMMON LAW AND UNFAIR COMPETITION

31. Soilworks incorporates by reference paragraphs 1 through 30 above.

32. Midwest's conduct constitutes unfair competition prohibited by Arizona common law. Midwest's conduct has caused, and will continue to cause, damage to Soilworks.

33. As a result of Midwest's actions, Soilworks has been damaged. Midwest's unlawful conduct is causing Soilworks severe and irreparable harm that cannot be adequately remedied solely by monetary damages. Unless restrained and enjoined by this Court, Midwest's unlawful actions are likely to continue, to Soilworks' harm and detriment.

PRAYER FOR RELIEF

WHEREFORE, Soilworks respectfully requests that the Court enter judgment against Midwest as follows:

1. For judgment against Midwest that it has committed the wrongful acts as described herein.

2. That the Court issue temporary and permanent injunctive relief against Midwest, and Midwest's officers, agents, representatives, servants, employees, attorneys, successors and assigns, and all others in active concert or participation with Midwest from:

(a) Disparaging Soilworks and Soilworks' products;

(b) Falsely representing that Soilworks is infringing alleged patent rights of Midwest;

(c) Falsely representing that Midwest owns a proprietary position with regard to its products which it does not, in fact, own;

1 (d) Using and misusing any and all alleged patent rights under U.S. Patent
2 No. 7,081,270 in competition with Soilworks; and

3 (e) Disseminating marketing communications which are in any respect
4 false, misleading and are intended to tarnish and diminish the substantial goodwill
5 Soilworks has cultivated with respect to its company, products and Soilworks'
6 proprietary rights associated therewith.

7 3. That the Court declare that Soilworks has not and does not infringe any valid
8 and/or enforceable claim of U.S. Patent No. 7,081,270, directly or indirectly, literally or by
9 equivalence.

10 4. That the Court declare that each claim of U.S. Patent No. 7,081,270 is invalid.

11 5. That the Court enjoin Midwest, its officers, agents, representatives,
12 distributors, employees, affiliates, parent and subsidiary corporations, attorneys and other
13 persons in active concert or participation with them from charging infringement or instituting
14 any action for infringement of U.S. Patent No. 7,081,270 against Soilworks or anyone in
15 privity with Soilworks, including its successors, assigns, agents, suppliers, distributors,
16 customers, licensees and sublicensees.

17 6. That the Court award Soilworks actual damages, in an amount to be proven at
18 trial.

19 7. That the Court award Soilworks treble damages, in an amount to be proven at
20 trial.

21 8. That the Court award Soilworks punitive damages, in an amount to be proven
22 at trial.

23 9. That the Court award Soilworks its attorneys' fees and costs incurred herein.

24 10. That the Court grant Soilworks all other relief to which it is entitled and such
25 other or additional relief as is just and proper.

1 Dated this 7th day of September, 2006.

2 KUTAK ROCK LLP

3
4 By 

5 E. Scott Dosek
6 John P. Passarelli
7 Suite 300
8 8601 North Scottsdale Road
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10 *Attorneys for Plaintiff*

11 **DEMAND FOR JURY**

12 Soilworks hereby demands a trial by jury of all issues triable of right by a jury.

13
14 KUTAK ROCK LLP

15
16 By 

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22 *Attorneys for Plaintiff*
23
24
25
26
27
28

JS 44 (Rev. 11/04)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS

Soilworks, LLC

DEFENDANTS

Midwest Industrial Supply, Inc.

(b) County of Residence of First Listed Plaintiff Maricopa

(EXCEPT IN U.S. PLAINTIFF CASES)

County of Residence of First Listed Defendant

(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.

(c) Attorney's (Firm Name, Address, and Telephone Number)

Kutak Rock LLP

8601 N. Scottsdale Rd., #300, Scottsdale, AZ 85253

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- ☐ 1 U.S. Government Plaintiff
- ☐ 2 U.S. Government Defendant
- ☒ 3 Federal Question (U.S. Government Not a Party)
- ☐ 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- | | | | |
|---|---|---|---|
| Citizen of This State | PTF <input type="checkbox"/> 1 DEF <input type="checkbox"/> 1 | Incorporated or Principal Place of Business In This State | PTF <input type="checkbox"/> 4 DEF <input type="checkbox"/> 4 |
| Citizen of Another State | PTF <input type="checkbox"/> 2 DEF <input type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | PTF <input type="checkbox"/> 5 DEF <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | PTF <input type="checkbox"/> 3 DEF <input type="checkbox"/> 3 | Foreign Nation | PTF <input type="checkbox"/> 6 DEF <input type="checkbox"/> 6 |

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury PERSONAL INJURY <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input checked="" type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General Habeas Corpus <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition		

V. ORIGIN

(Place an "X" in One Box Only)

- ☒ 1 Original Proceeding ☐ 2 Removed from State Court ☐ 3 Remanded from Appellate Court ☐ 4 Reinstated or Reopened ☐ 5 Transferred from another district (specify) ☐ 6 Multidistrict Litigation ☐ 7 Appeal to District Judge from Magistrate Judgment

VI. CAUSE OF ACTIONCite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
15 U.S.C. § 1041 et seq.

Brief description of cause:

VII. REQUESTED IN COMPLAINT:☐ CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND \$

CHECK YES only if demanded in complaint:

JURY DEMAND: ☒ Yes ☐ No**VIII. RELATED CASE(S) IF ANY**

(See instructions):

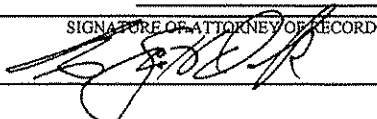
JUDGE

DOCKET NUMBER

DATE

SIGNATURE OF ATTORNEY OF RECORD

9/7/06



FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____

JS 44 Reverse (Rev. 11/04)

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44**Authority For Civil Cover Sheet**

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

I. (a) Plaintiffs-Defendants. Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.

(b) County of Residence. For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)

(c) Attorneys. Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".

II. Jurisdiction. The basis of jurisdiction is set forth under Rule 8(a), F.R.C.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.

United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.

United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.

Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.

Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; federal question actions take precedence over diversity cases.)

III. Residence (citizenship) of Principal Parties. This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.

IV. Nature of Suit. Place an "X" in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerks in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.

V. Origin. Place an "X" in one of the seven boxes.

Original Proceedings. (1) Cases which originate in the United States district courts.

Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.

Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.

Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.

Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.

Multidistrict Litigation. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407. When this box is checked, do not check (5) above.

Appeal to District Judge from Magistrate Judgment. (7) Check this box for an appeal from a magistrate judge's decision.

VI. Cause of Action. Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553

Brief Description: Unauthorized reception of cable service

VII. Requested in Complaint. Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.

Demand. In this space enter the dollar amount (in thousands of dollars) being demanded or indicate other demand such as a preliminary injunction.

Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.

VIII. Related Cases. This section of the JS 44 is used to reference related pending cases if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

Date and Attorney Signature. Date and sign the civil cover sheet.

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Attorneys for Defendant/Counterclaimant
 Midwest Industrial Supply, Inc.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

Soilworks, LLC, an Arizona corporation,

 Plaintiff,

No. 2:06-CV-02141-DGC

v.

Midwest Industrial Supply, Inc., an Ohio
 corporation authorized to do business in
 Arizona,

Defendant.

Midwest Industrial Supply, Inc., an Ohio
 corporation authorized to do business in
 Arizona,

Counterclaimant,

v.

Soilworks, LLC, an Arizona corporation,

 Counterdefendant.

MIDWEST INDUSTRIAL SUPPLY, INC.'S
ANSWER AND COUNTERCLAIMS

Defendant, Midwest Industrial Supply, Inc. (“Defendant”), through the undersigned counsel of record, hereby Answers the Complaint of Plaintiff, Soilworks, LLC, (“Plaintiff”) as follows:

1. Defendant admits that Plaintiff purports to allege a Complaint for an injunction, damages and other relief. Defendant admits that Plaintiff purports to allege a violation of the Lanham Act, the Arizona Deceptive Trade Practices Act, and of Arizona common law. Defendant admits that Plaintiff purports to seek a declaratory judgment but otherwise denies each and every remaining allegation of Paragraph 1 of the Complaint.

3. Defendant admits that it does business within this judicial district but otherwise denies each and every remaining allegation of Paragraph 3 of the Complaint.

THE PARTIES

6. Defendant admits the allegations of Paragraph 6 of the Complaint.

7. Defendant is without sufficient information to form a belief as to the allegations of Paragraph 7 of the Complaint and, on that basis, denies the same.

9. Defendant denies the allegations of Paragraph 9 of the Complaint.

10. Defendant denies the allegations of Paragraph 10 of the Complaint.

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11. Defendant denies the allegations of Paragraph 11 of the Complaint.

12. Defendant admits that it has obtained U.S. Patent No. 7,081,270. Defendant denies that it has made any false statement and/or misrepresentation to any of Plaintiff's distributors, customers and end users. Defendant is without sufficient information to form a belief as to what meaning Plaintiff gives regarding "Midwest owns a proprietary position" and, on that basis, denies the allegation of Paragraph 12 of the Complaint. Defendant denies any remaining allegation of Paragraph 12 of the Complaint.

13. Defendant denies the allegations of Paragraph 13 of the Complaint.

14. Defendant denies the allegations of Paragraph 14 of the Complaint.

**COUNT I
FALSE REPRESENTATION UNDER LANHAM ACT, § 43(A)**

15. Defendant repeats and realleges its answers to paragraphs 1-14 as if fully set forth herein.

16. Defendant denies the allegations of Paragraph 16 of the Complaint.

17. Defendant denies the allegations of Paragraph 17 of the Complaint.

18. Defendant denies the allegations of Paragraph 18 of the Complaint.

19. Defendant denies the allegations of Paragraph 19 of the Complaint.

**COUNT II
DECLARATORY JUDGMENT UNDER 28 U.S.C. § 2201**

20. Defendant repeats and realleges its answers to paragraphs 1-19 as if fully set forth herein.

21. Defendant admits that it has averred "U.S. Patent No. 7,081,270 was duly and legally issued [to Defendant], that [it] is the lawful owner, including the right to sue and to recover for any and all infringement (sic) of U.S. Patent No. 7,081,270" but otherwise denies that Defendant has averred Plaintiff "infringes said patent."

1 22. Paragraph 22 of the Complaint sets forth legal and factual conclusions to
2 which no response is required. To the extent a response is required, Defendant denies each
3 and every allegation of Paragraph 22 of the Complaint.

4 23. Defendant denies the allegations of Paragraph 23 of the Complaint.

5 **COUNT III**
6 **MISAPPROPRIATION OF GOODWILL**

7 24. Defendant repeats and realleges its answers to paragraphs 1-23 as if fully set
8 forth herein.

9 25. Defendant denies the allegations of Paragraph 25 of the Complaint.

10 26. Defendant denies the allegations of Paragraph 26 of the Complaint.

11 **COUNT IV**
12 **TORTIOUS INTERFERENCE WITH BUSINESS**
13 **RELATIONSHIP AND EXPECTANCY**

14 27. Defendant repeats and realleges its answers to paragraphs 1-26 as if fully set
15 forth herein.

16 28. Defendant is without sufficient information to form a belief as to the
17 allegations of Paragraph 28 of the Complaint and, on that basis, denies the same.

18 29. Defendant denies the allegations of Paragraph 29 of the Complaint.

19 30. Defendant denies the allegations of Paragraph 30 of the Complaint.

20 **COUNT VI**
21 **ARIZONA COMMON LAW AND UNFAIR COMPETITION**

22 31. Defendant denies there is a Count VI since there is no Count V. Defendant
23 repeats and realleges its answers to paragraphs 1-30 as if fully set forth herein.

24 32. Defendant denies the allegations of Paragraph 32 of the Complaint.

25 33. Defendant denies the allegations of Paragraph 33 of the Complaint.

26 **AFFIRMATIVE DEFENSES**

27 34. The Complaint, in whole or in part, fails to state a claim upon which relief
28 may be granted.

35. Plaintiff is not entitled to the damages sought in the Complaint.

I. Such other and further relief as the Court may deem appropriate.

MIDWEST INDUSTRIAL SUPPLY, INC.'S COUNTERCLAIMS

For its counterclaims against Soilworks, LLC ("Soilworks"), Midwest Industrial Supply, Inc. ("Midwest") restates and incorporates by reference the allegations set forth in its Answer as if fully set forth herein and further states as follows:

THE PARTIES

1. Midwest is an Ohio corporation that maintains its principal place of business in Canton, Ohio.

2. Based on information and belief, Soilworks is a limited liability company that maintains its principal place of business at 681 North Monterey Street, Suite 101, Gilbert, Arizona 85233. Based on information and belief, each of the members of Soilworks is a resident and citizen of the State of Arizona.

JURISDICTION AND VENUE

3. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1332(a), as there is complete diversity between Midwest and Soilworks and the amount in controversy exceeds \$75,000. This Court also has subject matter jurisdiction over Midwest's federal claims under the Lanham Act, 15 U.S.C. §§ 1041 *et seq.*, and the Declaratory Judgment Act, 28 U.S.C. §§ 2201 *et seq.*, pursuant to 15 U.S.C. §§ 1121 and 28 U.S.C. §§ 1331, 1338, and has supplemental jurisdiction over Midwest's state law claims against Soilworks pursuant to 28 U.S.C. § 1367.

4. This Court has personal jurisdiction over Soilworks by virtue of the facts that Soilworks has its principal place of business in the State of Arizona in this judicial district, does business in the State of Arizona in this judicial district, and has committed tortious conduct in this judicial district.

5. Venue is proper in this Court and this judicial district pursuant to 28 U.S.C. § 1391(b) by virtue of the facts that Soilworks resides in this judicial district and a substantial part of the events or omissions giving rise to Midwest's claims against Soilworks occurred in this judicial district.

FACTUAL BACKGROUND

6. Midwest manufactures, distributes, promotes, markets, and sells dust control, erosion control, soil stabilization and anti-icing/de-icing products and related services for use to a number of customers in various industries located throughout the United States and the world.

7. During the course of its thirty years in business, Midwest has developed a substantial reputation and good will as a manufacturer of chemical soil stabilization and dust control products, including its products promoted and marketed under the federally registered trademarks of Soil-Sement[®], Envirokleen[®], EK35[®], Road Oyl[®], Road Pro NT[®], Haul Road Dust Control[®], Dustfyghter[®], and Diamond Dr[®], Arena Rx[®], Base-Bldr[®], and ROAD-BLDR[®] (collectively, Midwest's Marks).

8. Midwest has received U.S. Patent No. 7,074,266 and U.S. Patent No. 7,081,270 for its innovative soil stabilization and dust control technology, trademarked as "synthetic organic dust control™". Midwest's patented technology is made available under the registered trademarks EnviroKleen[®], EK35[®], Arena Rx[®], and Diamond Dr[®] (collectively, "Midwest's Products")

9. Midwest has expended substantial money, good will, and other resources in advertising and promoting each of its products using Midwest's Marks and Midwest's Products for commercial purposes.

10. As a result of Midwest's extensive and continuous use of Midwest's Marks in connection with Midwest's Products, Midwest's customers and the relevant market recognize and understand Midwest's Marks as indicating Midwest's proprietary products and services as emanating from a single source, Midwest.

11. Soilworks is a competitor of Midwest. On information and belief, Soilworks distributes and markets soil stabilization and dust control agents in interstate commerce.

12. Midwest has not licensed or otherwise authorized Soilworks to use any of Midwest's Marks or its patented technology.

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13. In connection with the advertising and promotion of its soil stabilization and dust control agents, Soilworks has embarked on a scheme to trade upon and injure the substantial goodwill and reputation that Midwest has developed in the soil stabilization and dust control industry. Soilworks has used Midwest's Marks in commerce in an attempt to divert sales and goodwill from Midwest, thereby causing confusion, mistake and/or deception as to the affiliation, connection, or association of Soilworks with Midwest, and/or the origin, sponsorship, or approval of Soilworks' products, services, or commercial activities from Midwest.

14. Soilworks has also made false or misleading statements of fact in its commercial advertisements and promotions that misrepresent the nature, characteristics, qualities, or origin of its own services, products, or commercial activities.

15. Soilworks' conduct was intended to cause mistake, deception, and consumer confusion, and was undertaken with the intention of damaging Midwest's goodwill, reputation, and business in the soil stabilization and dust control industries.

16. As a result of Soilworks' conduct, Midwest's goodwill, reputation, and business has been and continues to be severely and irreparable damaged.

COUNT I
Federal Trademark Infringement; False Designation; Unfair Competition
(15 U.S.C. §1125(a); §43(a) of the Lanham Act)

17. Midwest restates and incorporates by reference the allegations set forth in Paragraph 1 through 16 of its Counterclaims as if fully set forth herein.

18. Soilworks has used, and continues to use, one or more of Midwest's Marks in commerce without Midwest's authorization.

19. Soilworks' use of Midwest's Marks has caused and is likely to cause confusion, mistake, and deception as to the affiliation, connection, or association of Soilworks with Midwest.

20. Soilworks' use of Midwest's Marks has likely caused the consuming public to mistakenly believe that the Soilworks' products originate from, are sponsored by, or are associated with Midwest.

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21. Soilworks' use of Midwest's Marks was committed with the purpose of exploiting and trading on the substantial goodwill and reputation of Midwest as symbolized by and associated with Midwest's Marks.

22. Soilworks had actual knowledge of Midwest's rights exclusive rights in Midwest's Marks and willfully and deliberately infringed Midwest's rights in Midwest's Marks.

23. Soilworks also holds itself out as a manufacturer of one or more products, when, in fact, Soilworks manufactures no product whatsoever.

24. Soilworks uses words and/or phrases, marketing, advertising, etc., taken directly from Midwest, with the intent to pass off itself as equal to Midwest.

25. Soilworks' conduct described herein constitutes unfair competition, false designation of origin, and federal trademark infringement in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

26. Soilworks' conduct has caused and continues to cause Midwest severe and irreparable harm that cannot be adequately remedied solely by monetary damages. Unless restrained and enjoined by this Court, Soilworks' unlawful actions are likely to continue, to Midwest's harm and detriment.

COUNT II
False Advertising
(15 U.S.C. § 1125(a); §43(a) of the Lanham Act)

27. Midwest restates and incorporates by reference the allegations set forth in Paragraph 1 through 26 of its Counterclaims as if fully set forth herein.

28. Upon information and belief, Soilworks has made false or misleading statements of fact in its commercial advertisements and promotions that misrepresent the nature, characteristics, qualities or origin of its products, services, or commercial activities, including misrepresenting on its website that Soilworks is the "manufacturer" of the "Soiltac® soil stabilizer and dust control agent", when, in fact, Soilworks is not a manufacturer of any product whatsoever.

29. Soilworks' false or misleading statements have actually deceived, or have a tendency to deceive, a substantial portion of Soilworks' intended audience.

30. Soilworks' false or misleading statements are material in that the statements are likely to influence potential customers' purchasing decisions.

31. As a result of Soilworks' false or misleading statements, Midwest has suffered and will continue to suffer injury and damages, including losses and irreparable injury to its sales, business reputation, and goodwill.

32. Soilworks' unlawful conduct has caused and continues to cause Midwest severe and irreparable harm that cannot be adequately remedied solely by monetary damages. Unless restrained and enjoined by this Court, Soilworks' unlawful actions are likely to continue, to Midwest's harm and detriment.

COUNT III
Declaratory Judgment for Validity and Infringement of U.S. Patent No. 7,081,270
(22 U.S.C. § 2201)

33. Midwest restates and incorporates by reference the allegations set forth in Paragraph 1 through 32 of its Counterclaims as if fully set forth herein.

34. In its Complaint, Soilworks has asserted that Midwest's U.S. Patent No. 7,081,270 is invalid and that Soilworks has not infringed any valid and/or enforceable claim of U.S. Patent No. 7,081,270. Soilworks further alleges that an actual controversy exists between Soilworks and Midwest as to the validity and scope of U.S. Patent No. 7,081,270.

35. Given Soilworks' assertions, an actual and substantial controversy presently exists between Soilworks and Midwest with respect to the validity and infringement of U.S. Patent No. 7,081,270 by Soilworks, and warrants the issuance of a declaratory judgment by the Court.

COUNT IV
Arizona Common Law and Unfair Competition

36. Midwest restates and incorporates by reference the allegations set forth in Paragraphs 1 through 35 of its Counterclaims as if fully set forth herein.

38. Soilworks' conduct has caused and continues to cause Midwest severe and irreparable harm that cannot be adequately remedied solely by monetary damages. Unless restrained and enjoined by this Court, Soilworks' unlawful actions are likely to continue, to Midwest's harm and detriment.

39. Midwest restates and incorporates by reference the allegations set forth in Paragraphs 1 through 38 of its Counterclaims as if fully set forth herein.

41. Soilworks is obligated to compensate Midwest for the substantial benefit conferred upon it and unjustly retained by it.

WHEREFORE, Midwest prays that this Court enter an Order comprising:

B. Declaratory relief that U.S. Patent No. 7,081,270 is a fully valid and enforceable patent, and Soilworks has infringed U.S. Patent No. 7,081,270.

D. An accounting for damages resulting from Soilworks' infringement and contributory infringement and the trebling of such damages because of the knowing, willful, and wanton nature of Soilworks' conduct;

E. Temporary, preliminary, and permanent injunctive relief against Soilworks, and Soilworks' officers, agents, representatives, servants, employees, attorneys,

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1 successors, and assigns, and all other in active concert or participation with Midwest
2 enjoining them from:

- 3 1. using Midwest's Marks or any other mark confusingly similar to
- 4 Midwest's Marks and from otherwise infringing Midwest's Marks;
- 5 2. falsely designating the origin of the Soilworks' products and services;
- 6 3. falsely advertising or promoting its products, services, or commercial
- 7 activities; and
- 8 4. competing unfairly with Midwest; and

9 F. Judgment for an award of actual damages in favor of Midwest and the
10 trebling of such damages because of the knowing, willful, and wanton nature of
11 Soilworks' conduct.

12 G. Judgment for an award of punitive damages against Soilworks and in favor
13 of Midwest.

14 H. Judgment that the costs of this action, attorney's fees, and prejudgment
15 interest be awarded to Midwest.

16 I. Such other and further relief as this Court may deem just and proper.

17 **DEMAND FOR JURY TRIAL**

18 Midwest hereby demands a trial by jury in the above-entitled action.

19 DATED this 26th day of March, 2007.

20 Bryan Cave LLP

21
22 By s/ George C. Chen
23 Lawrence G. Scarborough
24 George C. Chen
Two N. Central Avenue, Suite 2200
Phoenix, AZ 85004-4406

25 Attorneys for Defendant/Counterclaimant
26 Midwest Industrial Supply, Inc.
27
28

CERTIFICATE OF SERVICE

I hereby certify that on March 26, 2007, the foregoing Answer and Counterclaims of Midwest Industrial Supply, Inc. was filed electronically. Notice of this filing will be sent to all parties by operation of the Court's electronic filing system. Parties may access this filing through the Court's system.

s/ Denise M. Aleman

Denise M. Aleman

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Attorneys for Plaintiff
SOILWORKS, LLC, an Arizona corporation

UNITED STATES DISTRICT COURT
IN AND FOR THE DISTRICT OF ARIZONA

SOILWORKS, LLC, an Arizona
corporation,

Plaintiff / Counterdefendant /
Counterclaimant,

v.

MIDWEST INDUSTRIAL SUPPLY, INC.,
an Ohio corporation authorized to do
business in Arizona,

Defendant / Counterclaimant /
Counterdefendant.

NO.: 2:06-CV-2141-DGC

**REPLY TO MIDWEST INDUSTRIAL
SUPPLY, INC.'S COUNTERCLAIMS**

Plaintiff, Soilworks, LLC ("Soilworks"), through the undersigned counsel of record, hereby replies to the Counterclaims of Midwest Industrial Supply, Inc. ("Defendant") as follows:

1. Soilworks admits the allegations contained in Paragraph 1 of the Counterclaims.

2. Soilworks admits the allegations contained in Paragraph 2 of the Counterclaims.

3. Soilworks admits that this Court has subject matter jurisdiction over the claims and counterclaims asserted herein, that there is complete diversity between Midwest and

1 Soilworks and that Defendant's Counterclaims purport to assert an amount in controversy
2 that exceeds \$75,000 and, except as so admitted, denies the allegations contained in
3 Paragraph 3 of the Counterclaims.

4 4. Soilworks admits that this Court has personal jurisdiction over Soilworks and
5 that its principal place of business is in the State of Arizona and that it does business in the
6 State of Arizona, but otherwise denies all of the remaining allegations contained in
7 Paragraph 4 of the Counterclaims.

8 5. Soilworks admits that venue is proper in this Court and, except as so admitted,
9 denies the allegations contained in Paragraph 5 of the Counterclaims.

10 6. Soilworks is without sufficient information to form a belief as to the
11 allegations of Paragraph 6 of the Counterclaims and, on that basis, denies the allegations
12 contained in Paragraph 6 of the Counterclaims.

13 7. Soilworks is without sufficient information to form a belief as to the
14 allegations of Paragraph 7 of the Counterclaims and, on that basis, denies the allegations
15 contained in Paragraph 7 of the Counterclaims.

16 8. Soilworks is without sufficient information to form a belief as to the
17 allegations of Paragraph 8 of the Counterclaims and, on that basis, denies the allegations
18 contained in Paragraph 8 of the Counterclaims.

19 9. Soilworks is without sufficient information to form a belief as to the
20 allegations of Paragraph 9 of the Counterclaims and, on that basis, denies the allegations
21 contained in Paragraph 9 of the Counterclaims.

22 10. Soilworks denies the allegations contained in Paragraph 10 of the
23 Counterclaims.

24 11. Soilworks admits the allegations contained in Paragraph 11 of the
25 Counterclaims.

26 12. Soilworks admits the allegations contained in Paragraph 12 of the
27 Counterclaims.
28

1 13. Soilworks denies the allegations contained in Paragraph 13 of the
2 Counterclaims.

3 14. Soilworks denies the allegations contained in Paragraph 14 of the
4 Counterclaims.

5 15. Soilworks denies the allegations contained in Paragraph 15 of the
6 Counterclaims.

7 16. Soilworks denies the allegations contained in Paragraph 16 of the
8 Counterclaims.

9 17. Soilworks repeats and realleges its reply to Paragraphs 1 through 16 as if fully
10 set forth herein.

11 18. Soilworks denies the allegations contained in Paragraph 18 of the
12 Counterclaims.

13 19. Soilworks denies the allegations contained in Paragraph 19 of the
14 Counterclaims.

15 20. Soilworks denies the allegations contained in Paragraph 20 of the
16 Counterclaims.

17 21. Soilworks denies the allegations contained in Paragraph 21 of the
18 Counterclaims.

19 22. Soilworks denies the allegations contained in Paragraph 22 of the
20 Counterclaims.

21 23. Soilworks denies the allegations contained in Paragraph 23 of the
22 Counterclaims.

23 24. Soilworks denies the allegations contained in Paragraph 24 of the
24 Counterclaims.

25 25. Soilworks denies the allegations contained in Paragraph 25 of the
26 Counterclaims.

27 26. Soilworks denies the allegations contained in Paragraph 26 of the
28 Counterclaims.

1 27. Soilworks repeats and realleges its reply to Paragraphs 1 through 26 as if fully
2 set forth herein.

3 28. Soilworks denies the allegations contained in Paragraph 28 of the
4 Counterclaims.

5 29. Soilworks denies the allegations contained in Paragraph 29 of the
6 Counterclaims.

7 30. Soilworks denies the allegations contained in Paragraph 30 of the
8 Counterclaims.

9 31. Soilworks denies the allegations contained in Paragraph 31 of the
10 Counterclaims.

11 32. Soilworks denies the allegations contained in Paragraph 32 of the
12 Counterclaims.

13 33. Soilworks repeats and realleges its reply to Paragraphs 1 through 32 as if fully
14 set forth herein.

15 34. Soilworks admits the allegations contained in Paragraph 34 of the
16 Counterclaims.

17 35. Soilworks admits the allegations contained in Paragraph 35 of the
18 Counterclaims.

19 36. Soilworks repeats and realleges its reply to Paragraphs 1 through 35 as if fully
20 set forth herein.

21 37. Soilworks denies the allegations contained in Paragraph 37 of the
22 Counterclaims.

23 38. Soilworks denies the allegations contained in Paragraph 38 of the
24 Counterclaims.

25 39. Soilworks repeats and realleges its reply to Paragraphs 1 through 38 as if fully
26 set forth herein.

27 40. Soilworks denies the allegations contained in Paragraph 40 of the
28 Counterclaims.

41. Soilworks denies the allegations contained in Paragraph 41 of the Counterclaims.

GENERAL DENIAL

All allegations contained in the Counterclaims not expressly admitted are herein denied.

AFFIRMATIVE DEFENSES

1. Soilworks is not infringing and has not infringed, is not inducing and has induced others to infringe, and is not contributorily infringing and has not contributorily infringed, any valid and/or enforceable claim of the '266 Patent.

2. Soilworks is not infringing and has not infringed, is not inducing and has induced others to infringe, and is not contributorily infringing and has not contributorily infringed, any valid and/or enforceable claim of the '270 Patent.

3. Upon information and belief, the claims of the '266 Patent are invalid for failure to satisfy one or more of the conditions of patentability of 35 U.S.C. § 1 et. seq. including, without limitation, §§ 101, 102, 103 and/or 112.

4. Upon information and belief, the claims of the '270 Patent are invalid for failure to satisfy one or more of the conditions of patentability of 35 U.S.C. § 1 et. seq. including, without limitation, §§ 101, 102, 103 and/or 112.

5. Upon information and belief, Defendant's remedies are limited by 35 U.S.C. § 287.

6. Upon information and belief, Soilworks is barred by 35 U.S.C. § 288 from recovering any costs associated with this suit.

7. Upon information and belief, Soilworks contests infringement and validity of the '266 and '270 Patents. Soilworks reserves the right to assert additional bases for contesting these issues, and all claims in Defendant's Counterclaims, as may be developed further in discovery in this action and any other action between the parties.

8. Soilworks is not infringing, and has not infringed, any trademark, service mark and/or trade name of Defendant.

9. The Counterclaims, in whole or in part, fail to state a claim upon which relief may be granted.

10. Defendant is not entitled to any damages sought in the Counterclaims.

11. Defendant's claims for unfair competition are barred, in whole or in part, on the ground that Soilworks' business practices are not unfair.

12. The Counterclaims are barred, in whole or in part, by the doctrine of unclean hands.

13. The Counterclaims are barred, in whole or in part, because Midwest has not suffered any damages or injury to its business or property as a result of the acts alleged to have been committed by Soilworks.

14. Midwest's state law claims asserted in its Counterclaims are preempted by federal statutes.

15. The Counterclaims are barred, in whole or in part, by the doctrine of fair use.

COUNTERCLAIM

Soilworks' Counterclaim against Defendant Midwest as follows:

1. Soilworks is a limited liability company that maintains its principal place of business at 681 North Monterrey Street, Suite 101, Gilbert, Arizona 85233. All of the members of Soilworks are residents and citizens of the State of Arizona.

2. Midwest is a corporation incorporated under the laws of the State of Ohio and maintains its principal place of business in Canton, Ohio.

3. This Court has subject matter jurisdiction over these Counterclaims pursuant to 28 U.S.C. §§ 1331, 1338 and 2201 as it arises under an act of Congress relating to patents.

4. Venue is proper in this District under 28 U.S.C. § 1391.

**COUNTERCLAIM FOR DECLARATORY JUDGMENT
FOR INVALIDITY AND NONINFRINGEMENT
OF THE '266 AND '270 PATENTS**

5. Soilworks repeats and realleges the allegations of Paragraphs 1 through 4 of its Counterclaim.

6. This Declaratory Judgment Counterclaim is asserted against Defendant under the patent laws, Title 35, United States Code and under Title 28, United States Code §§ 2201 and 1338(a).

7. Defendant has averred that the '266 and '270 Patents were duly and legally issued, it is the lawful owner of those two patents, including the right to sue and recover for any and all infringement of the '266 and '270 Patents and that Midwest infringes the "266 and/or '270 Patents.

8. Soilworks denies that, either directly, contributorily and by inducement, it has infringed, and that it is infringing, any valid and/or enforceable claim of the '266 and '270 Patents and Soilworks further asserts that the '266 and '270 Patents are invalid for failing to satisfy the conditions for patentability set forth in Part II of Title 35 of the United States Code including, but not limited to, §§ 101, 102, 103 and 112.

9. Therefore, there has been and is now an actual controversy between Soilworks and Defendant as to the invalidity and noninfringement of the '266 and '270 Patents.

PRAYER FOR RELIEF

WHEREFORE, Soilworks prays that this Court:

(a) Dismiss the Counterclaims of Defendant against Soilworks with prejudice.

(b) Declare that Soilworks has not, and does not, infringe any valid and/or enforceable claim of the '266 Patent directly or indirectly, literally or by equivalence.

(c) Declare that Soilworks has not, and does not, infringe any valid and/or enforceable claim of the '270 Patent directly or indirectly, literally or by equivalence.

(d) Declare that each claim of the '266 Patent is invalid.

1 (e) Declare that each claim of the '270 Patent is invalid.

2 (f) Enjoin Defendant, their officers, agents, representatives, distributors,
3 employees, affiliates, parent and subsidiary corporations, attorneys and other persons
4 in active concert or participation with them from charging infringement or instituting
5 any action for infringement of the '266 and '270 Patents against Soilworks or anyone
6 in privity with Soilworks, including its successors, assigns, agents, suppliers,
7 customers, licensees and sublicensees.

8 (g) Award Soilworks costs, together with reasonable attorneys' fees and all
9 other expenses for the suit under governing law.

10 (h) Award Soilworks such other relief as this Court may deem just and
11 proper.

12
13 Dated this 16th day of April, 2007.

14 KUTAK ROCK LLP

15
16 By /s/
17 E. Scott Dosek
18 John P. Passarelli
19 Suite 300
20 8601 North Scottsdale road
21 Scottsdale, AZ 85253-2742
22
23 *Attorneys for Plaintiff*
24
25
26
27
28

CERTIFICATE OF SERVICE

I hereby certify that on April 16, 2007, the foregoing Reply to Midwest Industrial Supply, Inc.'s Counterclaims was filed electronically. Notice of this filing will be sent to all parties by operations of the Court's electronic filing system. Parties may access this filing through the Court's system.

/s/
Amy S. Fletcher

Exhibit B

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

POWER TOOLS AND SUPPLY, INC.,

Plaintiff,

vs

Case No:05-73615

Honorable Victoria A. Roberts

COOPER POWER TOOLS, INC., ET AL

Defendant.

ORDER

On April 25, 2006, the Court held a telephone conference on a number of outstanding matters pertaining to this case. Attending were: Joseph Falcone for the Plaintiff and Edward Cutlip for the Defendants.

Based on the discussion held and the record made, the Court makes the following rulings:

1. Motion to File Amended Complaint And to Add Parties (filed 11/1/05; Doc 15) is **MOOT** and Proposed Amended Complaint (filed 11/15/06; Doc. #21) is **STRICKEN** from the record.

2. Second Motion to File Amended Complaint (filed 11/14/06; Doc. #20) is **GRANTED IN PART AND DENIED IN PART** and the Corrected Proposed Second Amended Complaint (Doc. #. 22) is **STRICKEN** from the record.

3. Motion to Amend Scheduling Order And For Leave to File Second Amended Complaint (filed 2/17/06; Doc. #29) is **GRANTED**.

4. Plaintiff's Motion for A Protective Order Against Cooper's Continuation of

Its Obstruction of Justice by Interfering with Witnesses (filed 4/20/06; Doc. #45) is **DENIED WITHOUT PREJUDICE**. However, Mr. Cutlip is to instruct his client concerning the requirements of 18 U.S.C. §1512.

5. Defendant Cooper Power Tool's Motion to Quash Subpoenas and for Protective Order Staying Depositions (filed 4/21/06; Doc. #47) is **MOOT**.

6. Plaintiff's Amended Motion for Order Compelling Discovery From Defendants and For Sanctions (filed 4/21/06; Doc. #48) is **DENIED WITHOUT PREJUDICE**. However, Defendant is to immediately make available for copying--at Plaintiff's expense --the 5000 pages of documents which Defendant has identified as pertinent, together with an index and a privilege log. After review, Plaintiff is to contact the Court before refileing this motion, if Plaintiff believes that Defendant has not adequately responded to Plaintiff's discovery requests.

7. The Court **MOOTS** Plaintiff Motion for Order Compelling Discovery from Defendants and for Sanctions (filed 4/20/06; Doc. #46).

By April 28, 2006, Plaintiff is to file a "Fourth Amended Complaint," which will supercede all complaints and proposed complaints filed to date. This Complaint will set forth the following causes of action:

- A. Breach of contract (including breach of unilateral contract, either express or implied).
- B. Fraud.
- C. Negligent representation.
- D. Silent fraud.
- E. Wrongful interference with economic expectancy.

- F. Unjust enrichment.
- G. Breach of fiduciary duty.
- H. Promissory estoppel.

Further, the following defendants may be added as parties:

Cooper Industries, LLC.

Cooper Industries LTD.

A separate Amended Scheduling Order will enter.

IT IS SO ORDERED.

s/Victoria A. Roberts

Victoria A. Roberts

United States District Judge

Dated: May 1, 2006

The undersigned certifies that a copy of this document was served on the attorneys of record by electronic means or U.S. Mail on May 1, 2006.

s/Linda Vertriest

Deputy Clerk

CERTIFICATE OF SERVICE

I, Francis DiGiovanni, hereby certify that on the 4th day of August, 2008, a true copy of the foregoing **REMBRANDT'S REPLY IN SUPPORT OF ITS MOTION TO STRIKE, OR IN THE ALTERNATIVE, TO DISMISS, MODEM MANUFACTURERS' ANTITRUST AND UNFAIR COMPETITION COUNTER-COUNTERCLAIMS** was hand delivered to the following persons and was electronically filed with the Clerk of the Court using CM/ECF which will send notification of such filing to the following and the document is available for viewing and downloading from CM/ECF:

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